



General Assembly

January Session, 2005

**Committee Bill No. 5707**

LCO No. 4402

\*04402HB05707INS\*

Referred to Committee on Insurance and Real Estate

Introduced by:  
(INS)

**AN ACT CONCERNING TERMINATION OF INSURANCE PRODUCER  
CONTRACTS AND APPOINTMENTS.**

Be it enacted by the Senate and House of Representatives in General  
Assembly convened:

1 Section 1. Section 38a-709 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) [Any] Each insurance company authorized to transact fire or  
4 casualty business in this state shall, upon termination of a producer's  
5 appointment by said company, permit the renewal of all contracts of  
6 insurance written by such producer for a period of eighteen months  
7 from the date of such termination, as determined by the individual  
8 underwriting requirements of said company, [provided, in the event  
9 of] except that (1) for any contract not meeting such underwriting  
10 requirements, the company shall give the producer sixty days' notice  
11 of its intention not to renew said contract, and [provided further that]  
12 (2) any such period of time may be reduced, in whole or in part, as the  
13 commissioner [may deem] deems necessary for the purpose of  
14 adequately protecting the insured or securing the solvency of such  
15 company.

16 (b) No insurance agency contract entered into in this state, by a  
 17 licensed insurer with an insurance producer licensed under section  
 18 38a-769, shall be terminated by the licensed insurer appointing such  
 19 producer unless the licensed insurer upon terminating such contract  
 20 [shall give] gives not less than ninety days' written notice in advance to  
 21 the [other party unless] producer, except that the contract [shall] may  
 22 be terminated by the licensed insurer for failure of the producer, after  
 23 receiving a written demand, to pay over moneys due to such insurer. [,  
 24 provided during] During said ninety-day period after any such notice,  
 25 the producer shall not write or bind any new business on behalf of the  
 26 licensed insurer without the specific written approval of such business  
 27 by such insurer. [of such business.]

28 (c) [Any] Each insurance company renewing contracts of insurance  
 29 in accordance with this section shall pay commissions for such  
 30 renewals to the terminated producer in the same amount as had been  
 31 paid to [him] the producer on similar policies during the twelve  
 32 months immediately preceding the notice of termination.

33 (d) The provisions of this section shall not apply to (1) any contract  
 34 with a producer for the sale of life or accident and health insurance, or  
 35 (2) any contract of insurance owned by the insurer where, upon  
 36 termination of a producer's appointment, the insurer offers to continue  
 37 or renew the contract through another producer.

This act shall take effect as follows and shall amend the following sections:

Section 1	October 1, 2005	38a-709
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**Statement of Purpose:**

To revise provisions concerning the termination of insurance producer contracts and appointments.

*[Proposed deletions are enclosed in brackets. Proposed additions are indicated by underline, except that when the entire text of a bill or resolution or a section of a bill or resolution is new, it is not underlined.]*

Co-Sponsors: REP. KLARIDES, 114th Dist.

H.B. 5707